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C O N F I D E N T I A L SECTION 01 OF 03 TAIPEI 001758

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SUBJECT: LEGISLATIVE SPEAKER WANG JIN-PYNG ON DOMESTIC
POLITICS, U.S.-TAIWAN AND CROSS-STRAIT RELATIONS

Classified By: AIT Director Stephen M. Young,
Reasons: 1.4 (b/d)

11. (C) Summary: Legislative Yuan (LY) Speaker Wang Jin-pyng (KMT) assured the Director on December 16 that he would support speedy action by the LY to approve Taiwan's accession to the WTO Government Procurement Agreement (GPA). Wang discussed plans for his upcoming visit to Washington for the inauguration, including his hope to arrange a meeting through TECRO with the NSC's Dennis Wilder. Wang agreed that there needed to be better communication between the KMT and DPP and noted his efforts to ensure continued participation by pro-Green advisors in the Taiwan Foundation for Democracy. Wang described his idea for the government and DPP each to establish committees to evaluate the costs and benefits of various cross-strait initiatives, adding that DPP Legislator Trong Chai was supportive of this idea. The Director and Wang also discussed arms procurement, fairness of the judicial process, economic stimulus measures, and Tibetan issues. End Summary.

WTO Government Procurement Agreement (GPA)

12. (C) The U.S. welcomes the Ma administration's approval of the WTO Government Procurement Agreement (GPA), the Director told Legislative Yuan (LY) Speaker Wang Jin-pyng (KMT) in a meeting at the LY guesthouse on December 16. By signing on to this agreement, Taiwan and its partners will both benefit during this difficult economic period. The Director urged Wang to help expedite LY approval of GPA accession. Wang said the LY should approve the agreement very quickly after it is submitted by the Executive Yuan (EY). Even if the DPP objects to the GPA, that would only delay the LY's approval by one month. (Note: The DPP can request a one-month inter-party consultation period if it objects to a bill, after which the bill is put to a vote.)

Arms Procurement

13. (C) The Director raised arms procurement, noting recent congressional notifications and expressing concern that the LOA for PAC-III procurement might not be ready for signature by December 31, the end of the Taiwan fiscal year. Wang

wondered about the U.S. approval of four PAC-III systems rather than the six that Taiwan had requested. Wang raised submarines and agreed with the Director that this was a complicated and difficult issue. Wang suggested that if Taiwan acquired diesel submarines, it would deploy them to the north, south and east of the island to deter a possible Chinese attack.

Travel to Washington for the Inauguration

¶4. (C) Wang told the Director that after the LY session concluded on January 13, he would depart for the U.S. on January 17, leading a delegation to attend the inauguration of President Obama. Wang said he understood the difficulty of scheduling meetings with USG officials during this period but noted he had asked TECRO to try to set up a meeting with the NSC's Dennis Wilder. The Director stressed the inaugural events would be ceremonial and we were not encouraging participation by foreign delegations. Meetings with Executive Branch officials will also be quite difficult to arrange. Wang noted that in addition to KMT legislators, his delegation would include three DPP members - former VP Annette Lu, LY member Trong Chai, and Tainan Mayor Hsu Tien-tsai - and Non-Partisan Solidarity Union Legislator Lin Pin-kun.

KMT - DPP Communication

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¶5. (C) Wang agreed with the Director's suggestion that there should be better communication between the KMT and the DPP, which is frustrated that its political power does not seem commensurate with its popular support. The DPP is dissatisfied with the judicial system and with President Ma Ying-jeou's cross-Straits policy, Wang observed. The party is looking for opportunities to challenge the KMT, he suggested, and this could lead to social disorder damaging to democracy. Wang stressed his own commitment to inter-party cooperation, noting that he had refused FM Ou's request that he replace some pro-Green advisors at the government-funded Taiwan Foundation for Democracy, which he heads. TFD has both pro-Blue and pro-Green advisors and needs to remain a bipartisan and neutral institution, he emphasized.

Committees to Evaluate Cross-Straits Relations

¶6. (C) Taiwan needs to pursue cross-Straits dialogue, opening, and cooperation in order to reduce tensions in the Taiwan Strait and enhance stability, Wang maintained. However, he suggested, the government and the DPP should each establish a committee to evaluate the expected costs and benefits of proposed initiatives, for example, direct shipping arrangements and possible PRC agricultural exports to Taiwan. The committees could evaluate whether cross-Straits developments would harm the interests of the people or damage Taiwan's sovereignty or security. For example, would large Chinese banks gain too much control over Taiwan's banks if the two sides signed an MOU on financial cooperation? Wang noted that DPP Legislator Trong Chai had told him that he supported the idea.

The Judicial Process

¶7. (C) Despite government assurances that it is not interfering with the judicial process, some people are still doubtful, Wang noted. He said he had heard, for example, that prosecutors had received instructions from President Ma Ying-jeou to detain DPP Chiayi County Magistrate Chen Ming-wen. If true, this would be bad. On the other hand, the recent decision by a judge to release former President Chen Shui-bian from detention showed that the court was

independent, which was a positive development. Even in this case, however, some people are worrying that the judge, who released Chen without bail, might be pro-Green. In Wang's view, Chen Shui-bian, as former president, should not have been handcuffed when he was detained. Chen's prosecution and trial must be handled very carefully and correctly, and the evidence needs to be clearly presented. Some Japanese observers have expressed concern that Taiwan's legal system is being "Koreanized," that is, the incoming party is moving to jail the previous president from the rival party.

Measures to Stimulate the Economy

18. (C) The Director asked Wang about Taiwan's efforts to deal with the economic situation. Exports have declined because of the global economic downturn, Wang noted, and to help fill the gap, Taiwan is working to increase spending on infrastructure projects and expand domestic demand. The LY will pass the special NTD 87 billion (about USD 2.7 billion) budget for consumer vouchers on December 26, he added.

Tibetan Demonstrators; Question of Dalai Lama Visit

19. (C) The Director asked Wang about the Tibetan protesters who have recently been demonstrating, including outside AIT, to seek legal status to reside and work in Taiwan. Wang noted the DPP had raised the issue with the KMT and suggested there might be a proposal from the EY that would be supported by both parties in the LY. On another Tibetan issue, Wang

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suggested that Ma's initial statement rejecting a visit by the Dalai Lama to Taiwan was a mistake. However, subsequently, in Wang's telling, Ma agreed with his view and corrected himself by saying the two sides could discuss timing for a visit by the Dalai lama for religious purposes. (Note: Wang publicly criticized Ma's approach to the Dalai Lama right after Ma's first statement that the timing was wrong for such a visit.)

Comment

110. (C) Wang, a shrewd politician, works to cultivate good relations with the opposition as well as his own party. Wang is never reluctant to say something negative about his long-term rival Ma Ying-jeou, as shown by his passing us a rumor about Ma's alleged intervention in the judicial process. His observation that growing DPP dissatisfaction could lead over time to social disorder underscores the need for better communication and understanding between the KMT and DPP.
SYOUNG